

B. BATTLE CREEK

1. OVERVIEW

City Location & History

Battle Creek is located at the confluence of the Kalamazoo and Battle Creek rivers, 113.0 miles west of Detroit in the south central region of Michigan's lower peninsula. It was settled in 1831, and chartered as a city in 1859. In 1876, J.H. Kellogg became head of the Western Health Institute, originally founded by the Seventh Day Adventist Church. Health foods developed at the institute became today's breakfast cereal industry. Kellogg, Post, and Ralston Foods all have plants in Battle Creek, and it is the home of Kellogg's world headquarters. The old campus of the institute was sold to the federal government, where it now serves as base for numerous federal and state agencies. Besides cereal plants and government offices, Battle Creek's diverse economy includes consumer products, packaging machinery, paper products, metal stamping, automotive components, air conditioning, and industrial equipment.

Battle Creek is located west of the intersection of Interstate 94 (Detroit east and Kalamazoo west) and Interstate 69 (Lansing north and Fort Wayne south). It is the largest city in Calhoun County, but is not the county seat. In 2007 it was estimated that Battle Creek had 52,934 people living in 21,380 households within 42.3 square miles.

Downtown Study Area Delineation & Boundaries

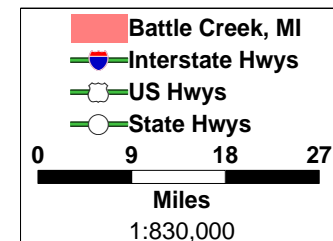
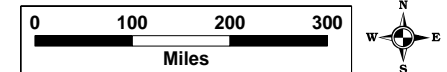
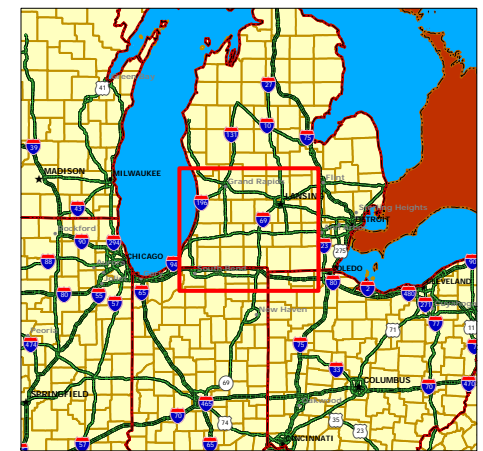
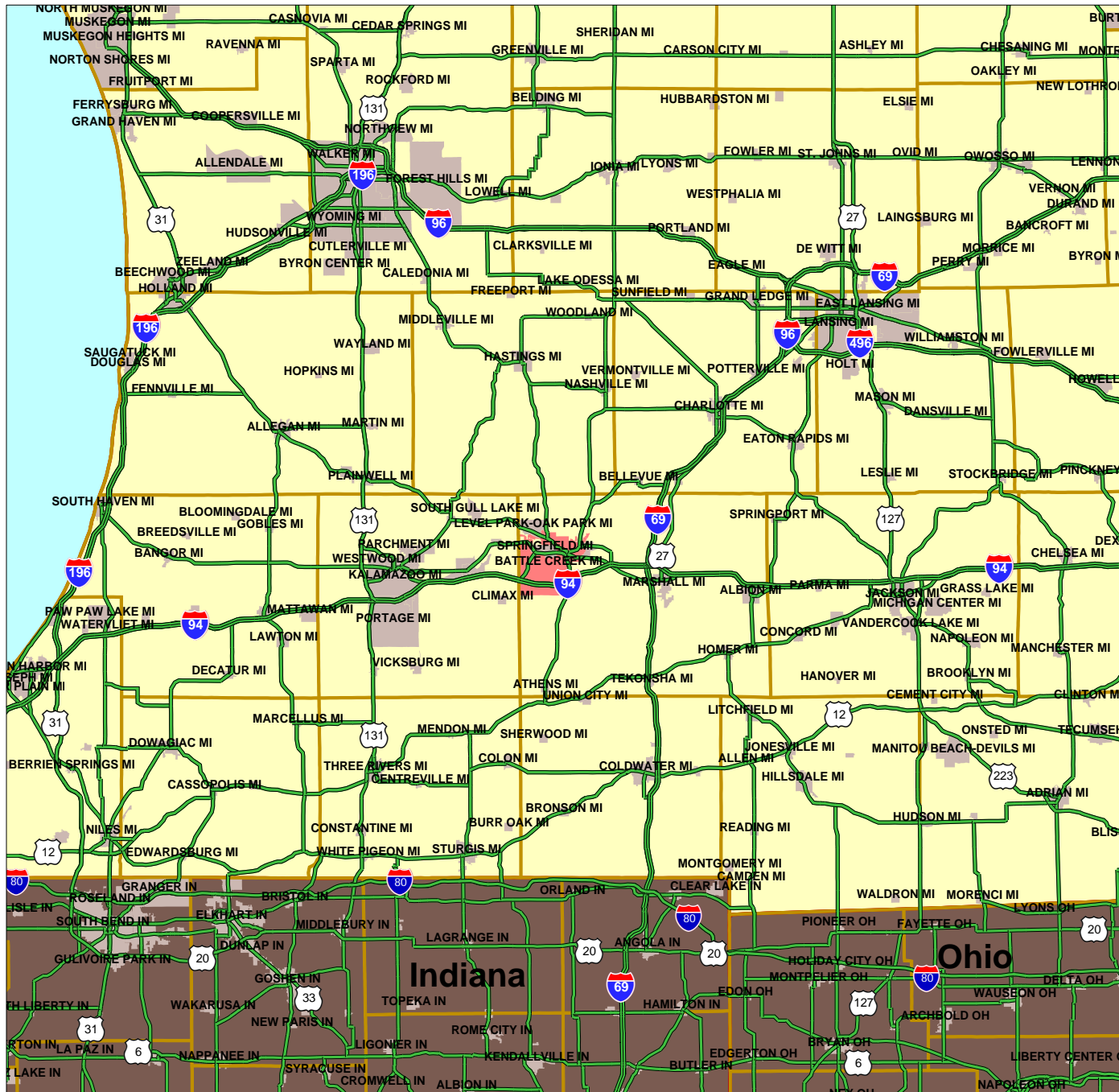
The Battle Creek Downtown Study Area (DSA) was established after a driving tour of the inner city and consultation with city officials. The following four factors influenced the final delineation: (1) exclusion of single-family neighborhoods, (2) inclusion of the Central Business District, (3) general adherence to downtown development authority boundaries, and (4) recognition of significant natural and man-made barriers. For this study, the Battle Creek DSA is generally described as follows:

- North boundary: Champion Street / Calhoun Street / North Avenue
- East boundary: Division Street / Interstate 194
- South boundary: Fountain Street / Railroad Tracks
- West boundary: Cass Street

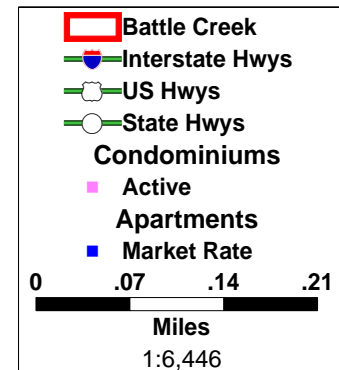
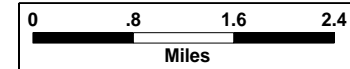
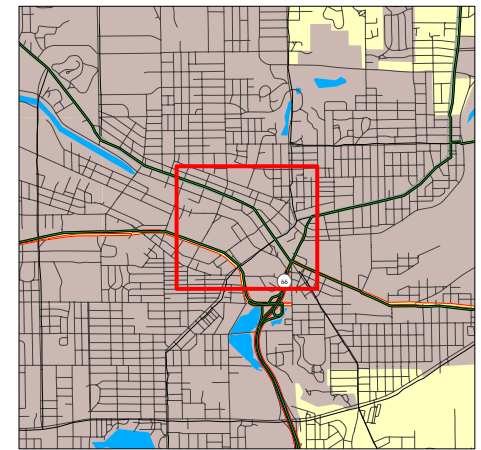
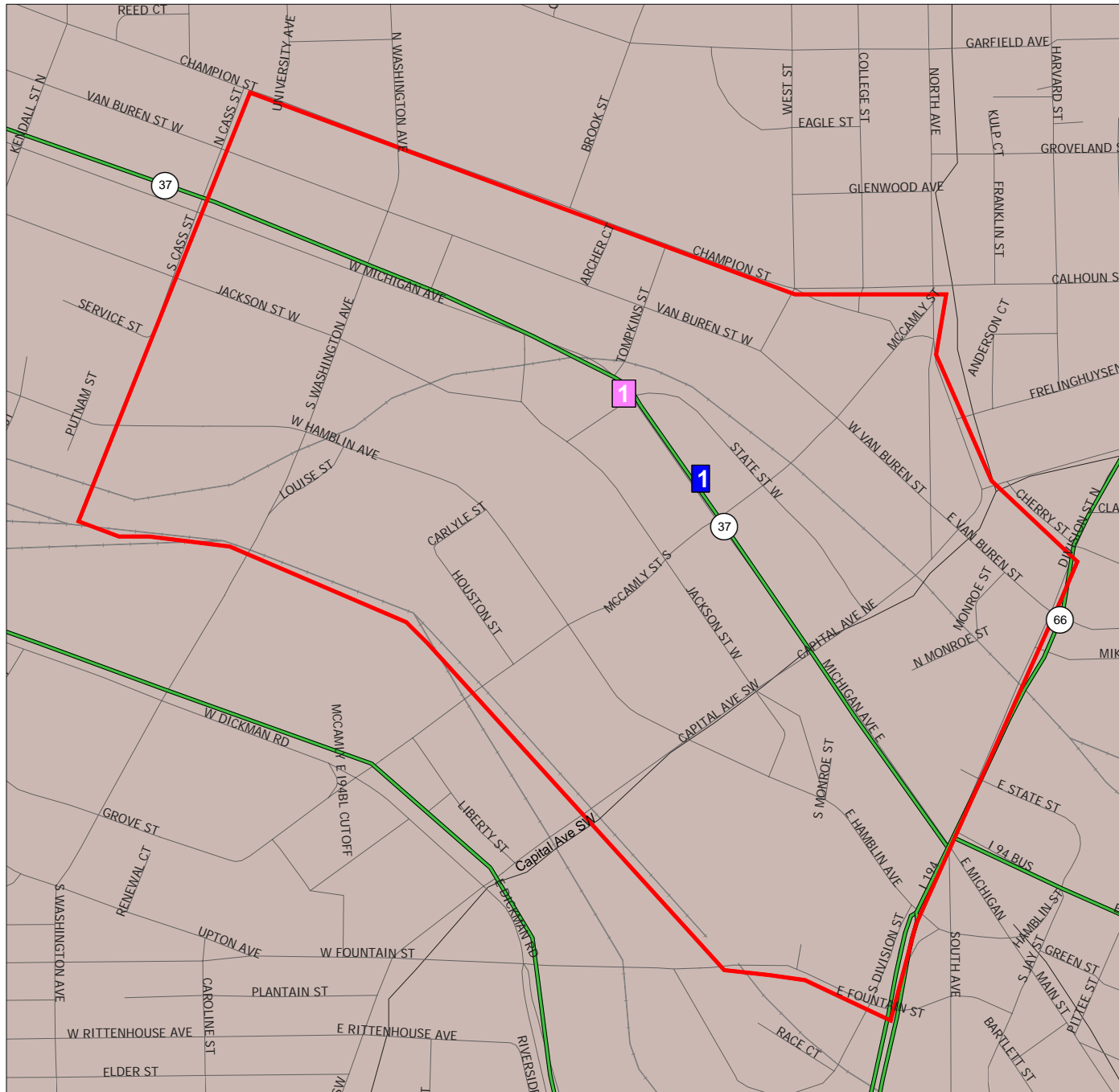
The geographic center of the DSA is the intersection of Michigan Avenue and McCamly Street.

A regional map showing the location of the city within the state and a map delineating the specific boundaries of the DSA follow. On this DSA map, we have shown the location of each multi-unit property (both rental and condominium) surveyed within the Battle Creek DSA. Map I.D. numbers for surveyed properties are identified in the Multi-Unit Housing Supply Analysis later in this section.

Battle Creek, MI: Surrounding Region



Battle Creek, MI: DSA Boundary with Surveyed Properties



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2007 Demographic Snapshot (Estimated from 2000 Census)

The following table provides a brief demographic snapshot of key population and household characteristics for the Battle Creek DSA and the remainder of the city:

	2007 ESTIMATE	
	DOWNTOWN STUDY AREA	REMAINDER OF BATTLE CREEK
POPULATION		
NUMBER	49	52,885
MEDIAN AGE	31.1	35.9
GENDER		
PERCENT MALE	39.6%	48.0%
PERCENT FEMALE	60.4%	52.0%
EDUCATION (AGE 25+)		
PERCENT HIGH SCHOOL EDUCATED	68.3%	50.0%
PERCENT COLLEGE EDUCATED	31.7%	50.0%
MARTIAL STATUS (AGE 15+)		
PERCENT SINGLE	54.0%	49.2%
PERCENT MARRIED	46.0%	50.8%
HOUSEHOLDS		
NUMBER	16	21,364
PRESENCE OF CHILDREN		
PERCENT WITH CHILDREN	23.7%	38.7%
PERCENT WITHOUT CHILDREN	76.3%	61.3%
AVERAGE SIZE	1.9	2.4
TENURE		
PERCENT OWNER	25.0%	65.6%
PERCENT RENTER	75.0%	34.4%
MEDIAN INCOME	\$21,520	\$38,862

Source: 2000 Census; Claritas, Inc.

The above data and more detailed demographic information are analyzed in the following section.

2. DEMOGRAPHICS

The following information has been compiled from the U.S. Census Bureau, the U.S. Department of Housing and Urban Development, the U.S. Department of Labor, and the FBI. It has been grouped into five categories for analysis: (1) population characteristics - descriptors for individual people, (2) household characteristics - descriptors for people living together in one residence, (3) housing characteristics - descriptors for residential dwelling units, (4) crime and transportation - descriptors for crime rates and transit/commuting activities, and (5) economic and employment indicators - descriptors for business and employment activity. This information is

provided for expanding geographic areas: (1) the Downtown Study Area (DSA), (2) the remainder of the DSA's city, and (3) the state of Michigan.

Population Characteristics

	DOWNTOWN STUDY AREA	REMAINDER OF BATTLE CREEK	STATE OF MICHIGAN
POPULATION			
1990 CENSUS	63	53,439	9,295,297
2000 CENSUS	54	53,207	9,938,444
2007 ESTIMATED	49	52,885	10,159,688
2012 PROJECTED	47	52,378	10,268,116
PERCENT CHANGE 1990 TO 2000	-14.3%	-0.4%	6.9%
PERCENT CHANGE 2000 TO 2007	-9.3%	-0.6%	2.2%
PERCENT CHANGE 2007 TO 2012	-4.1%	-1.0%	1.1%
POPULATION BY AGE 2007			
PERCENT AGE LESS THAN 18 (CHILDREN)	32.7%	26.7%	24.5%
PERCENT AGE 18 TO 34 (YOUNG ADULTS)	24.5%	22.0%	22.6%
PERCENT AGE 35 TO 54 (MIDDLE-AGED ADULTS)	20.4%	27.8%	29.2%
PERCENT AGE 55 OR MORE (SENIORS)	22.4%	23.5%	23.7%
MEDIAN AGE	31.1	35.9	37.1
POPULATION BY GENDER 2007			
PERCENT MALE	39.6%	48.0%	49.2%
PERCENT FEMALE	60.4%	52.0%	50.8%
POPULATION BY EDUCATION (AGE 25+) 2007			
PERCENT HIGH SCHOOL GRADUATES OR LESS	68.3%	50.0%	47.6%
PERCENT SOME COLLEGE	17.6%	24.5%	23.4%
PERCENT COLLEGE GRADUATES OR MORE	14.1%	25.5%	29.1%
POPULATION BY MARTIAL STATUS (AGE 15+) 2007			
PERCENT NEVER MARRIED	31.0%	26.9%	27.2%
PERCENT MARRIED	46.0%	50.8%	56.3%
PERCENT WIDOWED/DIVORCED	23.0%	22.3%	16.5%
LAND AREA, POPULATION DENSITY & DAYTIME POPULATION 2007			
LAND AREA (IN SQUARE MILES)	0.4	41.9	56,803.8
PERSONS PER SQUARE MILE	121.0	1,262.9	178.9
DAYTIME POPULATION	4,648	41,939	5,680,903

Source: 2000 Census; Claritas, Inc.

Noteworthy observations and trends from the above table for the Battle Creek DSA include the following:

- The total population within the DSA decreased at a much higher rate than the remainder of the city from 1990 to 2000 (14.3% versus 0.4%). These decreases occurred while the state population increased 6.9%. The total population within the DSA was projected to decrease at a faster rate than the remainder of the city from 2000 to 2012 (13.4% versus 1.6%). The state's population was projected to increase 3.3% during this same 12-year period.

- In 2007 only 49 people resided within the DSA, representing only 0.1% of the city's total population. Very few people live within the DSA. In fact, it has the lowest number of residents of any DSA in this study.
- In 2007 the typical DSA resident profile was a 31 year old adult (44.9% were between 18 and 54 years of age) who was female (60.4%), only high school educated (68.3%), and unmarried (54.0%). This profile is slightly different than the remainder of the city and the state. The percentage of children under 18 years of age within the DSA was slightly higher than the remainder of the city and the state (32.7% versus 26.7% and 24.5%).
- In 2007 the land area within the DSA represented only 0.01% of the total area within the city limits.
- In 2007 the population density within the DSA was 10.4 times sparser than the remainder of the city.

Household Characteristics

	DOWNTOWN STUDY AREA	REMAINDER OF BATTLE CREEK	STATE OF MICHIGAN
HOUSEHOLDS			
1990 CENSUS	28	21,262	3,419,331
2000 CENSUS	19	21,317	3,785,661
2007 ESTIMATED	16	21,364	3,936,519
2012 PROJECTED	15	21,205	4,009,481
PERCENT CHANGE 1990 TO 2000	-32.1%	0.3%	10.7%
PERCENT CHANGE 2000 TO 2007	-15.8%	0.2%	4.0%
PERCENT CHANGE 2007 TO 2012	-6.3%	-0.7%	1.9%
HOUSEHOLDS BY COMPOSITION 2007			
PERCENT SINGLE	63.3%	32.1%	27.2%
PERCENT MARRIED WITH CHILDREN	7.7%	18.9%	23.5%
PERCENT MARRIED NO CHILDREN	9.0%	23.8%	28.7%
PERCENT SINGLE PARENT	16.0%	19.8%	16.0%
PERCENT OTHER	3.9%	5.4%	4.7%
AVERAGE HOUSEHOLD SIZE 2007	1.9	2.4	2.5
HOUSEHOLDS BY TENURE 2007			
PERCENT OWNER	25.0%	65.6%	74.5%
PERCENT RENTER	75.0%	34.4%	25.5%
MEDIAN HOUSEHOLD INCOME 2007	\$21,520	\$38,862	\$50,319
HOUSEHOLDS BY PRIZM NE LIFESTAGE CLASSES & GROUPS 2007*			
PERCENT YOUNGER YEARS CLASS	39.2%	32.8%	32.7%
PERCENT <i>MIDLIFE SUCCESS</i> GROUP	0.2%	8.3%	15.4%
PERCENT <i>YOUNG ACHIEVERS</i> GROUP	17.3%	6.6%	6.8%
PERCENT <i>STRIVING SINGLES</i> GROUP	21.6%	18.0%	10.5%
PERCENT FAMILY LIFE CLASS	17.2%	25.0%	30.6%
PERCENT <i>ACCUMULATED WEALTH</i> GROUP	0.0%	2.9%	4.0%
PERCENT <i>YOUNG ACCUMULATORS</i> GROUP	0.0%	2.9%	8.4%
PERCENT <i>MAINSTREAM FAMILIES</i> GROUP	2.0%	8.8%	14.7%
PERCENT <i>SUSTAINING FAMILIES</i> GROUP	15.2%	10.5%	3.6%
PERCENT MATURE YEARS CLASS	43.7%	42.2%	36.7%
PERCENT <i>AFFLUENT EMPTY NESTS</i> GROUP	0.0%	4.6%	6.1%
PERCENT <i>CONSERVATIVE CLASSICS</i> GROUP	3.5%	9.3%	10.7%
PERCENT <i>CAUTIOUS COUPLES</i> GROUP	3.5%	16.1%	11.6%
PERCENT <i>SUSTAINING SENIORS</i> GROUP	36.7%	12.2%	8.4%

Source: 2000 Census; Claritas, Inc.

*See Addendum A for Lifestage Class & Group definitions.

Noteworthy observations and trends for the Battle Creek DSA include the following:

- The total number of households within the DSA decreased significantly (32.1%) from 1990 to 2000, while the remainder of the city increased slightly (0.3%). The state increased 6.9% during this same period. The total households within the DSA were projected to decrease significantly (22.1%) from 2000 to 2012, while the remainder of the city was expected to decrease slightly (0.5%). The state's households were projected to increase 5.9% during this same 12-year period.
- In 2007 16 households resided within the DSA, representing only 0.1% of city's total households. Very few households live within the Battle Creek DSA. It is the lowest number of households within the study.
- In 2007 the typical DSA household profile was a single adult (79.3%) with no children (63.3%) earning \$21,520 a year (median income) and renting their residence (75.0%). This profile is quite different from the remainder of the city and the state. Percentages of DSA households with children (23.7%) and married adults (16.7%) were well below the remainder of the city (38.7% and 42.7%) and the state (39.5% and 52.2%).
- In 2007 the average household size within the DSA (1.9 people) was smaller than the remainder of the city (2.4) and the state (2.5).
- In 2007 the percent of renter households within the DSA (75.0%) was much higher than the remainder of the city (34.4%) and the state (25.5%).
- In 2007 the median income within the DSA (\$21,520) was well below the remainder of the city (\$38,862) and the state (\$50,319).

- *Claritas, Inc. Prizm NE Lifestage* data for 2007 (estimated) was used to determine DSA resident profiles. Residents were classified in three main Lifestage classes: Younger Years, Family Life, and Mature Years. The largest Lifestage class within the Battle Creek DSA was *Mature Years* at 43.7% of all households, while the two largest Lifestage groups were *Sustaining Seniors* (36.7%) and *Striving Singles* (21.6%). The largest Lifestage class in the remainder of the city was *Mature Years* at 42.2% of all households, while the two largest Lifestage groups were *Striving Singles* (18.0%) and *Cautious Couples* (16.1%). The largest Lifestage class in the state was *Mature Years* at 36.7% of all households, while the two largest Lifestage groups were *Midlife Success* (15.4%) and *Mainstream Families* (14.7%). Although the DSA Lifestage class percentages compare closely to the remainder of the city, they are different from the state. Further, the DSA Lifestage group percentages are different from the remainder of the city and the state. This indicates that household composition within the DSA is different from the remainder of the city and the state as a whole. DSA households are younger, smaller, mostly childless, lower income, and mostly renters.

Housing Characteristics

	DOWNTOWN STUDY AREA	REMAINDER OF BATTLE CREEK	STATE OF MICHIGAN
HOUSING UNITS 2000			
PERCENT OCCUPIED	33.9%	90.9%	89.4%
PERCENT VACANT	66.1%	9.1%	10.6%
TOTAL	56	23,460	4,234,279
HOUSING UNITS 2007			
PERCENT OCCUPIED	29.1%	90.0%	87.8%
PERCENT VACANT	70.9%	10.0%	12.2%
TOTAL	55	23,734	4,482,194
HOUSING UNITS 2012			
PERCENT OCCUPIED	26.8%	89.1%	86.2%
PERCENT VACANT	73.2%	10.9%	13.8%
TOTAL	56	23,802	4,652,213
HOUSING PAYMENTS GREATER THAN 30% OF INCOME BY TENURE 2000			
PERCENT OWNER-OCCUPIED UNITS	25.0%	18.4%	17.8%
PERCENT RENTER-OCCUPIED UNITS	40.2%	38.7%	37.6%
AVERAGE MONTHLY OWNER HOUSING PAYMENT 2000	\$570	\$656	\$1,037
AVERAGE MONTHLY RENTER HOUSING PAYMENT 2000	\$326	\$494	\$578
AVERAGE NUMBER OF ROOMS PER OCCUPIED HOUSING UNIT 2000	2.7	5.5	5.7
AVERAGE NUMBER OF BEDROOMS PER OCCUPIED HOUSING UNIT 2000	1.9	2.2	2.3
YEAR BUILT; OWNER-OCCUPIED UNITS (2000)			
PERCENT 1990 TO MARCH 2000	0.0%	6.6%	16.0%
PERCENT 1980 TO 1989	0.0%	2.7%	9.7%
PERCENT 1979 OR EARLIER	100.0%	90.7%	74.3%
YEAR BUILT; RENTER-OCCUPIED UNITS (2000)			
PERCENT 1990 TO MARCH 2000	0.0%	11.1%	10.2%
PERCENT 1980 TO 1989	0.0%	13.1%	13.0%
PERCENT 1979 OR EARLIER	100.0%	75.8%	76.8%
HOUSING UNITS BY STRUCTURE TYPE 2000			
PERCENT SINGLE FAMILY	8.9%	70.8%	74.5%
PERCENT 2 TO 19 UNITS IN A BUILDING	10.7%	20.3%	13.7%
PERCENT 20 TO 49 UNITS IN A BUILDING	73.2%	3.6%	2.2%
PERCENT 50 OR MORE UNITS IN A BUILDING	7.1%	3.5%	3.0%
PERCENT OTHER	0.0%	1.7%	6.7%
MEDIAN HOME VALUE 2000	\$50,445	\$71,690	\$110,857
MEDIAN HOME VALUE 2007	\$80,000	\$92,113	\$145,613
MEDIAN HOME VALUE 2012	\$80,000	\$99,061	\$158,803
AVERAGE RESIDENCY LENGTH; OWNER-OCCUPIED UNITS	8.0	11.0	11.0
ANNUAL TURNOVER; OWNER-OCCUPIED UNITS (2000)	0.0%	8.7%	7.7%
ANNUAL TURNOVER; RENTER-OCCUPIED UNITS (2000)	34.3%	32.7%	31.6%

Source: 2000 Census; Claritas, Inc.

Noteworthy observations and trends for the Battle Creek DSA include the following:

- The total number of housing units in the DSA was projected to remain steady from 2000 to 2012, while the remainder of the city and the state were expected to increase (1.5% and 9.9%).
- In 2007 there were 55 housing units within the DSA, representing only 0.2% of the city's total housing units.
- In 2000 the vacancy rate within the DSA was a very high 66.1%. This vacancy rate was projected to increase to 73.2% by 2012. These rates are significantly higher than the remainder of the city (9.1% and 10.9%) and the state (10.6% and 13.8%). They represent the highest vacancy rates for any DSA in the study.
- In 2000 40.2% of the renter-occupied units within the DSA paid more than 30% of their gross income for housing. This is a similar percentage to the remainder of the city (38.7%) and the state (37.6%).
- In 2000 owner-occupied units within the DSA paid an average of \$570 per month for housing, which was less than the remainder of the city (\$656) and much less than the state (\$1,037). Renter-occupied units within the DSA paid an average of \$326 per month for housing, which was less than the remainder of the city (\$494) and much less than the state (\$578).
- In 2000 the average number of total rooms (2.7) and bedrooms (1.9) per DSA housing unit were less than the remainder of the city (5.5 and 2.2) and the state (5.7 and 2.3). This indicates that housing units within the DSA were smaller than those found in the rest of the city and the state.
- In 2000 91.1% of all housing units within the DSA were in multi-unit buildings. This percentage is much higher than the remainder of the city (27.4%) and the state (18.9%). Conversely, only 8.9% of all housing units in the DSA were single-unit/single-family structures.
- Although the median home value within the DSA was projected to increase at a higher rate than the remainder of the city and the state from 2000 to 2012 (58.6% versus 38.2% and 43.3%), the actual value was projected to be much lower than the remainder of the city and lower than the state.

- The average residency length of owner-occupied units within the DSA (eight years) is shorter than the remainder of the city and the state (both 11 years). The annual turnover rate within the DSA for renter-occupied units is similar to the remainder of the city and the state, while the owner-occupied turnover rate is below.

Crime & Transportation

	DOWNTOWN STUDY AREA	REMAINDER OF BATTLE CREEK	STATE OF MICHIGAN
CRIME INDEX 2007*			
<i>PERSONAL CRIME</i>	192	155	94
<i>PROPERTY CRIME</i>	345	241	115
WORKER COMMUTE BY MODE (AGE 16+) 2007			
PERCENT DRIVE ALONE	54.5%	82.1%	83.5%
PERCENT CARPOOL	27.3%	11.3%	9.6%
PERCENT PUBLIC TRANSIT	9.1%	1.6%	1.2%
PERCENT WALK	9.1%	1.9%	2.2%
PERCENT MOTORCYCLE / BICYCLE	0.0%	0.2%	0.2%
PERCENT OTHER MEANS	0.0%	0.7%	0.5%
PERCENT WORK AT HOME	0.0%	2.2%	2.9%
TOTAL WORKERS	11	22,826	4,777,007
AVERAGE WORKER COMMUTE TIME IN MINUTES (AGE 16+) 2007	26.5	19.7	26.2
AVERAGE NUMBER OF VEHICLES PER HOUSEHOLD BY TENURE 2007			
OWNER HOUSEHOLDS	1.2	1.5	1.8
RENTER HOUSEHOLDS	1.9	1.7	2.0
ALL HOUSEHOLDS	0.6	1.0	1.2

Source: 2000 Census; Claritas, Inc.; Applied Geographic Solutions; VWB Research

*Based on a par value of 100

Noteworthy observations and trends from the above table for the Battle Creek DSA include the following:

- In 2007 personal crime indices within the DSA were higher than the remainder of the city and much higher than the state and national averages. Property crime indices within the DSA were estimated to be much higher than the remainder of the city, state, and national averages.
- In 2007 the adult workers within the DSA used a car less often to commute than did the adult workers in the remainder of the city and the state (81.8% versus 93.4% and 93.1%); 9.1% walked to work, and 9.1% used public transit.

- In 2007 adult workers within the DSA had similar commute times (26.5 minutes) to those in the remainder of the city (19.7) and the state (26.2).
- In 2007 households within the DSA had fewer vehicles (0.6) than those in the remainder of the city (1.0) and the state (1.2).

Economic & Employment Indicators

	DOWNTOWN STUDY AREA	REMAINDER OF BATTLE CREEK	STATE OF MICHIGAN
EMPLOYMENT SHARE BY INDUSTRY 2007			
AGRICULTURE & NATURAL RESOURCES	0.2%	0.4%	1.1%
MINING	0.0%	0.0%	0.1%
CONSTRUCTION	0.2%	2.8%	4.3%
MANUFACTURING	15.4%	17.5%	14.7%
TRANSPORTATION & UTILITIES	2.9%	4.2%	4.1%
WHOLESALE TRADE	0.7%	6.5%	4.3%
RETAIL TRADE	11.5%	18.2%	19.4%
F.I.R.E.	4.4%	3.8%	5.9%
SERVICES	42.2%	40.2%	39.9%
GOVERNMENT	22.2%	6.0%	5.0%
NON-CLASSIFIABLE	0.2%	0.4%	1.1%
TOTAL EMPLOYEES	4,648	41,939	5,680,903
ANNUAL UNEMPLOYMENT RATE			
2000	N/A	4.9%	3.7%
2001	N/A	6.1%	5.2%
2002	N/A	7.0%	6.2%
2003	N/A	8.3%	7.1%
2004	N/A	8.1%	7.0%
2005	N/A	7.7%	6.8%
2006	N/A	8.0%	6.9%
2007	N/A	8.2%	7.2%
MEDIAN HOUSEHOLD EFFECTIVE BUYING INCOME 2007			
	\$21,748	\$33,029	\$41,752
ECONOMIC DENSITIES 2007			
TOTAL BUSINESSES PER SQUARE MILE	629.6	56.7	7.1
RETAIL BUSINESSES PER SQUARE MILE	96.3	13.0	1.4
EMPLOYEES PER SQUARE MILE	11,476.5	1,001.5	100.0
RESIDENTIAL MULTI-UNIT BUILDING PERMITS BY DECADE (5+ UNITS PER BUILDING)			
2000 TO 2006 (UNITS)	N/A	401	46,563
1990 TO 1999 (UNITS)	N/A	530	65,592
1980 TO 1989 (UNITS)	N/A	918	106,921

Source: Claritas, Inc.; Department of Labor, Bureau of Labor Statistics; socds.huduser.org – Building Permit Database

Table continued

TOP 10 EMPLOYERS WITHIN ONE MILE OF DOWNTOWN STUDY AREA	NUMBER OF EMPLOYEES	TYPE OF BUSINESS
1. BATTLE CREEK HEALTH SYSTEM	3,000	HOSPITAL
2. KELLOGG COMMUNITY COLLEGE	750	COLLEGE
3. U.S. DEFENSE DEPARTMENT	550	NATIONAL SECURITY
4. KELLOGG COMPANY	400	BREAKFAST CEREAL MAKER
5. HEAD START	300	CHILD DAY CARE
6. MICHIGAN PAPERBOARD	250	PAPERBOARD MILL
7. CITY OF BATTLE CREEK	240	CITY GOVERNMENT
8. KELLOGG FOUNDATION	224	FOUNDATION
9. ARCHWAY 7 MOTHERS COOKIES	200	COOKIE/CRACKER MAKER
10. RALSTON FOODS	200	BREAKFAST CEREAL MAKER

Source: 2007 InfoUSA Business Database

Noteworthy observations and trends for the Battle Creek DSA include the following:

- In 2007 4,648 people worked within the DSA, representing 10.0% of all workers within the city.
- In 2007 the industry with the most employees working within the DSA was Services at 42.2%.
- In 2007 white-collar employment within the DSA was 31.9%, less than the remainder of the city (52.5%) and the state (56.9%).
- From 2000 to 2007, the unemployment rate for Battle Creek has been higher than the state rate, while increasing from 4.9% to 8.2%. In 2007 the unemployment rate for Battle Creek was 8.2%, compared to the state's 7.2%
- In 2007 the median household effective buying income within the DSA was \$21,748, below the remainder of the city (\$33,029) and the state (\$41,752).
- On a citywide basis, the number of residential permits issued for units in buildings with five or more dwellings fluctuated over the last three decades. Permits for multi-unit buildings (five units or more) issued during the 1990s decreased 42.3% from those issued during the 1980s. The same type permits issued during the 2000s (adjusted for a full decade) increased 8.1% from those issued during the 1990s. Since 2000, an average of 57 multi-unit building permits per year were issued citywide; down from 92 per year during the 1980s.

- Within 1.0 mile of the DSA, the large10 largest employers within 1.0 mile of the DSA employ a total of 6,114 people. Within the DSA, 4,648 people are employed, yielding an “Employment per DSA Resident” ratio of 94.9 to 1 (based on 2007 estimates).

Demographic Summary

Resident households within the Battle Creek DSA typically are childless, unmarried female adults (31 year median age) who either live alone or with a roommate/partner, are only high school educated, earn an average of \$21,500 per year, and rent their residence. The largest Lifestage Group is *Sustaining Seniors*, indicating the presence of older, lower-income households within the DSA. The DSA population decreased from 1990 to 2000, and is projected to decrease from 2000 to 2012. Household growth is expected to be flat. Only 49 people are projected to live within the DSA in 2007, making demographic analyses difficult. Population density and daytime population are both low and below average for this study.

The number of total housing units within the DSA is projected to remain constant from 2000 to 2012. The projected vacancy rate for 2007 is very high at 70.9%. This is not expected to improve with time. Only 55 of the city’s total housing units are projected to be within the DSA in 2007. There are many more renters than owners, and 40% of those renting pay over 30% of their income for housing. Housing units are denser (more units per building) and smaller within the DSA than the remainder of the city. The typical housing unit within the DSA has two bedrooms and is in a multi-unit building. DSA owners and renters pay much less per month for housing than the state average. All renter- and owner-occupied units within the DSA were built prior to 1980. While median home values are increasing, they are lower than the remainder of the city and the state. Residency length within the DSA is similar to the rest of the city and the state, while annual turnover rates for renters and owners are equal to or less than the remainder of the city and the state.

Crime indices within the DSA are higher than the rest of the city and significantly higher than state and national averages. Transportation data indicates that DSA residents/households drive less often to work and own fewer vehicles than their counterparts outside the DSA.

The Battle Creek Health System and Kellogg Community College most heavily influence employment in and near the DSA. Only four of the largest 10 employers within 1.0 mile of the DSA are private for-profit businesses. Most employment (91.3%) falls within Service, Retail, Government, and Manufacturing industries.

Unemployment citywide has increased each year since 2000, remaining above the state rate. Building permits for residential dwellings in multi-unit buildings have decreased citywide over the past 27 years, indicating a long-term softening of the multi-unit housing market. Economic densities for the DSA are higher than the remainder of the city, but below average for DSAs in this study.

3. **MULTI-UNIT HOUSING SUPPLY ANALYSIS**

Demographic Housing Supply Overview

According to the U.S. Census, the distribution of housing stock by tenure and occupancy within the Battle Creek DSA for 2000, 2007 (estimated), and 2012 (projected) is summarized in the following table:

HOUSING TYPE	2000 CENSUS		2007 (ESTIMATED)		2012 (PROJECTED)	
	HOUSING UNITS	PERCENT	HOUSING UNITS	PERCENT	HOUSING UNITS	PERCENT
TOTAL OCCUPIED	19	33.9%	16	29.1%	15	26.8%
OWNER-OCCUPIED	5	26.3%	4	25.0%	4	26.7%
RENTER-OCCUPIED	14	73.7%	12	75.0%	11	73.3%
VACANT	37	66.1%	39	70.9%	41	73.2%
TOTAL	56	100.0%	55	100.0%	56	100.0%

Source: 2000 Census; Claritas, Inc.; VWB Research

For all three years (2000, 2007, and 2012), renter-occupied housing units outnumber owner-occupied housing units by three to one.

Demographic housing trends indicate the total number of housing units within the DSA was projected to remain constant from 2000 to 2012, while the vacancy rate for all housing units was projected to increase from 66.1% to 73.2% during the same 12-year period.

The following table shows the distribution of occupied housing units in the DSA by structure type (type = units per building) in 2000:

HOUSING UNITS BY STRUCTURE TYPE (2000 CENSUS)	NUMBER OF UNITS	PERCENT
SINGLE-UNIT	5	8.9%
LOW-DENSITY MULTI-UNIT (2 TO 19 UNITS PER BUILDING)	6	10.7%
MEDIUM-DENSITY MULTI-UNIT (20 TO 49 UNITS PER BUILDING)	41	73.2%
HIGH-DENSITY MULTI-UNIT (50+ UNITS PER BUILDING)	4	7.1%
OTHER (TRAILER/BOAT/RV/VAN/ETC.)	0	0.0%
TOTAL	56	100.0%

Source: U.S. Census Bureau; 2000 Census

The above table shows that most of the occupied housing units within the Battle Creek DSA were located in Medium-Density Multi-Unit buildings (73.2%). Of all the occupied housing units within the DSA, 81.1% were located in Multi-Unit buildings, while only 8.9% were located in Single-Unit (one-family) buildings.

The following table presents selected housing characteristics by owner- and renter-occupied housing units for the DSA in 2000:

HOUSING CHARACTERISTIC IN YEAR 2000	OWNER-OCCUPIED HOUSING UNITS	RENTER-OCCUPIED HOUSING UNITS
AVERAGE MONTHLY HOUSING PAYMENT	\$570	\$326
PERCENT WITH HOUSING PAYMENT GREATER THAN 30% OF INCOME	25.0%	40.2%
AVERAGE HOUSEHOLD SIZE	2.7	2.0
PERCENT MOVED-IN BETWEEN 1995 & 2000	0.0%	78.6%
ANNUAL TURNOVER RATE	0.0%	34.3%
AVERAGE NUMBER OF TOTAL ROOMS	6.7	3.2
AVERAGE NUMBER OF BEDROOMS	2.8	1.1
PERCENT BUILT BETWEEN 1990 & 2000	0.0%	0.0%
MEDIAN YEAR BUILT	<1939	<1939

Source: U.S. Census Bureau; 2000 Census

Noteworthy observations from the DSA include:

- Forty percent of renter-occupied households paid more than 30% of their income for housing.
- Owner-occupied units had larger households than renter-occupied units.
- No owner households moved into the DSA between 1995 and 2000, while 78% of renter-occupied households moved in during that period.
- One-third of renters turned over each year.
- Owner-occupied units were much larger than renter-occupied units.
- No owner or renter-occupied units were built during the 1990s.

Multi-Unit Rental Housing Supply Survey

We identified and surveyed one multi-unit rental housing property totaling 13 units within the Battle Creek DSA that met the study's selection criteria (refer to Battle Creek DSA Map using property Map I.D. numbers below). A summary of the surveyed property by type, unit count, and vacancy rate appears in the following table:

PROPERTY TYPE	PROPERTIES SURVEYED	TOTAL UNITS	VACANT UNITS	VACANCY RATE*
MARKET-RATE	1	13	5	38.5%
TOTAL	1	13	5	38.5%

*As of July 2007

Although there is only one surveyed property, the Battle Creek DSA multi-unit rental market is not performing well with an overall multi-unit rental vacancy rate of 38.5%. The study's aggregate vacancy rate for all surveyed multi-unit rental housing properties in this study is 8.9%; indicating the Battle Creek DSA has a higher vacancy rate than the study's aggregate average.

The following table summarizes key information for each multi-unit rental housing property surveyed within the DSA:

MAP I.D.	PROPERTY NAME	TYPE	YEAR BUILT/RENOVATED	UNITS	BUILDING STORIES	VACANCY RATE**	QUALITY RATING	NET RENT* RANGE
1	THE BATTLE CREEK TOWER	MRR	1931 / 2007	13	20	38.5%	A	\$1,198 to \$1,599

*Net rent excludes all utilities except water, sewer, and trash removal.

**As of July 2007

Battle Creek Towers is a former bank building built in 1931 that was recently renovated in early 2007. It is market-rate, has net monthly rents ranging from \$1,198 to \$1,599, a vacancy rate of 38.5% (still in initial lease-up), and 20 stories.

Each surveyed rental property was rated on a scale of A through E, with A rated properties representing very high quality product that is upscale and luxurious, and E rated properties representing very low quality product that is in serious disrepair. All properties were rated on overall quality and appearance. Battle Creek Towers received an A quality rating,

The following table summarizes the breakdown of unit information by property type within the DSA:

MARKET-RATE						
BEDROOMS	BATHS	UNITS	DISTRIBUTION	VACANT	VACANCY RATE	MEDIAN NET RENT
ONE-BEDROOM	1.0	3	23.1%	1	33.3%	\$1,198
ONE-BEDROOM	1.5	4	30.8%	2	50.0%	\$1,198
TWO-BEDROOM	2.0	6	46.2%	2	33.3%	\$1,599
TOTAL MARKET-RATE		13	100.0%	5	38.5%	-

The most common unit type in the survey property is a two-bedroom/two-bath floor plan (46.2%), while the least common unit type is a one-bedroom/one-bath floor plan (23.1%). The highest vacancy rate (50.0%) is in the one-bedroom/1.5-bath market-rate unit. Median net monthly rent values range from a low of \$1,198 for a one-bedroom/one-bath market-rate unit to a high of \$1,599 for a two-bedroom/two-bath market-rate unit.

The following table summarizes the average net monthly rent per square foot by bedroom type and unit design for the multi-unit rental properties surveyed within the DSA (note: garden units have all living areas on one floor, regardless of the number of stories in a building, while townhouse units have living areas on multiple floors):

BEDROOM TYPE	AVERAGE NET RENT PER SQUARE FOOT			
	MARKET-RATE		TAX CREDIT	
	GARDEN	TOWNHOUSE	GARDEN	TOWNHOUSE
ONE-BEDROOM	\$1.03	-	-	-
TWO-BEDROOM	\$1.00	-	-	-

All surveyed rental units are elevator-served garden-style. The above table indicates that the average net monthly rent per square foot ranges from a low of \$1.00 for a two-bedroom market-rate unit to a high of \$1.03 for a one-bedroom market-rate unit. Compared to aggregate averages in this study, the Battle Creek DSAs average net monthly rents per square foot are lower.

The following table summarizes property counts, unit counts, vacancy rates, and median net monthly rents by quality rating and property type:

MARKET-RATE PROPERTIES				MEDIAN NET RENT	
QUALITY RATING	NUMBER	TOTAL UNITS	VACANCY RATE*	ONE-BR.	TWO-BR.
A	1	13	38.5%	\$1,198	\$1,599

*As of July 2007

Correlations between the quality of surveyed properties and their vacancy rates or net monthly rents cannot be drawn since there is only one surveyed property.

The following appliances were included in the surveyed rental units:

- Range
- Refrigerator
- Dishwasher
- Disposal
- Microwave

The following amenities were included in the surveyed rental units:

- Air conditioning (central)
- Floor covering
- Washer/dryer machines
- Fireplace

The following common amenities were included in the surveyed rental property for use by residents:

- On-site management
- Storage
- Elevator

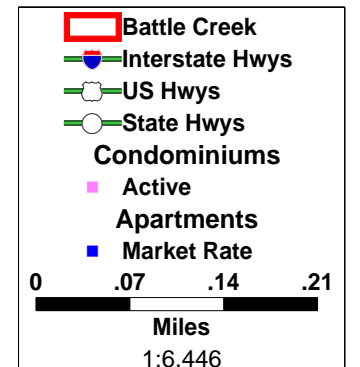
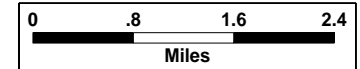
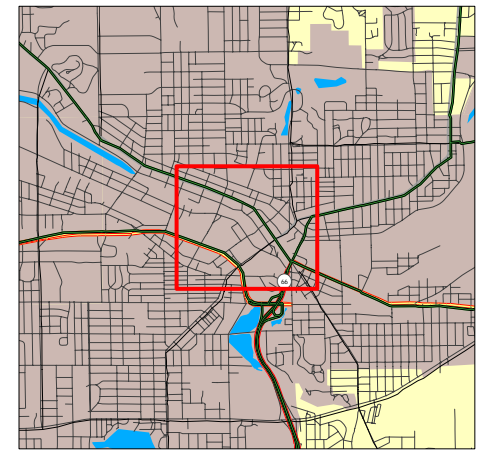
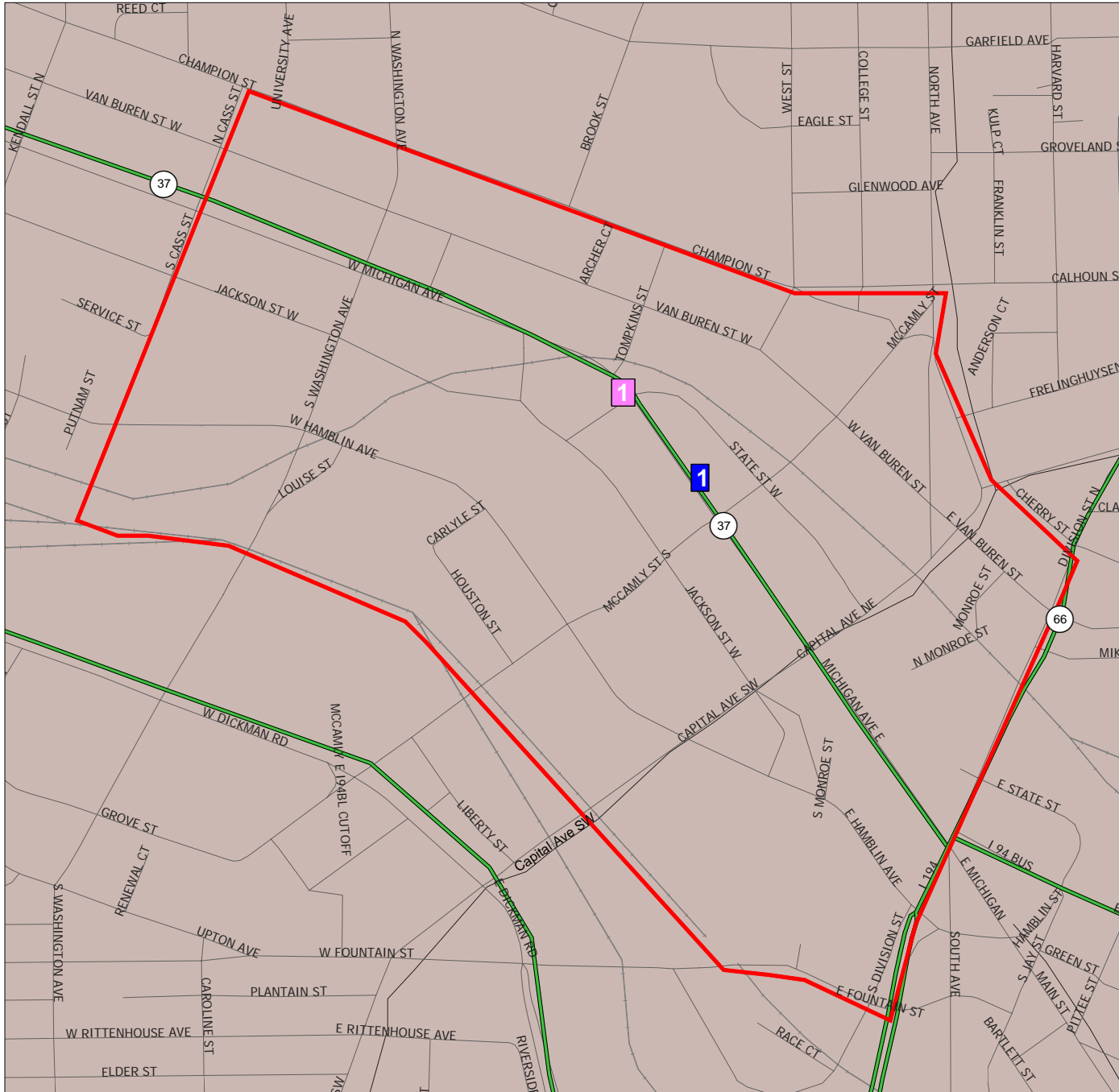
The following utility mix and payment responsibility were used in the surveyed rental property:

- Space heating (gas / tenant)
- Cooking (gas / tenant)
- Water heating (gas / tenant)
- Other electric (landlord)
- Water-sewer-trash (tenant)


An abbreviated field survey of all multi-unit rental properties in the Battle Creek DSA is provided in the following pages. Properties have been color-coded to reflect type. The field survey is comprised of the following major elements:

- A colored-coded map indicating the location of each property surveyed.
- A list of properties surveyed with name, address, telephone number, contact person, photograph, property type, year built and renovated (if applicable), number of floors, total units, occupancy rate, quality rating, and presence of an elevator.
- Rent and unit information by property and number of bedrooms.

Battle Creek, MI: DSA Boundary with Surveyed Properties



SURVEY OF RENTAL PROPERTIES - BATTLE CREEK, MI

1 The Battle Creek Tower	
	Address 70 W. Michigan Battle Creek, MI 49017
	Contact Connie Phone (269) 963-7572 (Contact in person)
	Year Built 1931 Renovated 2007
	Project Type Market-rate
	Comments Floors 10-20 residential, most tenants are Kellogg employees; Floors 1-9 commercial; Formerly Central National Bank; Elevator
Total Units 13 Vacancies 5 Occupied 61.5% Floors 20 Quality Rating A Waiting List None	

Market-rate
Market-rate/Tax Credit
Market-rate/Government-subsidized
Market-rate/Tax Credit/Government-subsidized
Tax Credit
Tax Credit/Government-subsidized
Government-subsidized

Surveyed - July 2007

VWB
vogtwilliamsbowen
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PRICE PER SQUARE FOOT - BATTLE CREEK, MI

ONE-BEDROOM UNITS					
MAP ID	PROJECT NAME	BATHS	UNIT SIZE	NET RENT	\$ / SQ. FT.
1	The Battle Creek Tower	1 to 1.5	1140 to 1200	\$1198	\$1.00 to \$1.05
TWO-BEDROOM UNITS					
MAP ID	PROJECT NAME	BATHS	UNIT SIZE	NET RENT	\$ / SQ. FT.
1	The Battle Creek Tower	2	1600	\$1599	\$1.00

■	Market-rate
■	Market-rate/Tax Credit
■	Market-rate/Government-subsidized
■	Market-rate/Tax Credit/Government-subsidized
■	Tax Credit
■	Tax Credit/Government-subsidized
■	Government-subsidized

Surveyed - July 2007

VWB
vogtwilliamsbowen
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MARKET RATE UNITS - BATTLE CREEK, MI

ONE-BEDROOM UNITS					
MAP ID	PROJECT NAME	UNITS	SQUARE FEET	# OF BATHS	COLLECTED RENT
1	The Battle Creek Tower	7	1140 - 1200	1 - 1.5	\$1200
TWO-BEDROOM UNITS					
MAP ID	PROJECT NAME	UNITS	SQUARE FEET	# OF BATHS	COLLECTED RENT
1	The Battle Creek Tower	6	1600	2	\$1600

Surveyed - July 2007

Multi-Unit Condominium Housing Supply Survey

We identified and surveyed one multi-unit condominium housing property totaling two units within the Battle Creek DSA that met the study's selection criteria. The one surveyed property is "active" with unsold condominium product. The following table shows the status of the multi-unit condominium property included in the field survey:

PROPERTY TYPE	NUMBER OF PROPERTIES	UNITS		
		TOTAL	SOLD	UNSOLD
ESTABLISHED	0	0	0	0
ACTIVE	1	2	0	2
TOTAL	1	2	0	2

There are two units in the active property, and no units in established properties. Neither of the units in the active property has sold.

The following table details quality rating, unit information, and sales data for the multi-unit condominium property surveyed within the DSA:

MAP I.D.	PROPERTY NAME	QUALITY RATING	TOTAL UNITS	SOLD UNITS	UNSOLD UNITS	AVERAGE SALE PRICE	AVERAGE MONTHLY UNIT SALES	SALES PERIOD
1	RIVERFRONT CONDOMINIUMS	B	2	0	2	\$199,900.00	N/A	7/07
TOTAL / AVERAGE		B	2	0	2	\$199,900.00		

Each surveyed condominium property was rated on a scale of A through E, with an A representing a very high quality product that is upscale and luxurious, and an E representing very low quality product that is in serious disrepair. Properties were rated on overall quality and appearance. Riverfront Condominiums, although not complete, received a B rating. The sale price for the two unsold units in Riverfront Condominiums is \$199,900 each. Marketing for these two units began in early 2007.

The following table lists the active condominium property within the DSA by unit type, number of stories, unit sizes, and sales pricing:

MAP ID	PROPERTY NAME	UNIT DESCRIPTION			BUILDING STORIES	SQUARE FEET	BASE SALES PRICE	PRICE PER SQUARE FOOT
		BR.	BATH	TYPE				
1	RIVERFRONT CONDOMINIUMS	2.0	1.0	GD-EL	2 & 3	1,455	\$199,900	\$137.39
		2.0	1.5	GD-EL		1,401	\$199,900	\$142.68

Unit Type: LT=Loft; RN=Ranch; GD=Garden; TH=Townhouse; EL=Elevator; WU=Walk-up

The above table shows that the two units in the active property range in size from 1,401 to 1,455 square feet, and both are elevator-served garden floor plans. These two units have two bedrooms, and an asking price of \$199,900 (\$140 per square foot). The average weighted (by unit count) sale price for all surveyed condominium units in this study is \$264,611 for active properties.

The following table shows the distribution of unsold units in active properties by sale price and unit type:

SALE PRICE RANGE	UNSOLD UNIT TYPE				TOTAL	
	GARDEN	LOFT	RANCH	TOWNHOUSE	NUMBER	PERCENT
<\$200,000	2	0	0	0	2	100.0%
\$200,000 - \$299,999	0	0	0	0	0	0.0%
>\$300,000	0	0	0	0	0	0.0%
TOTAL	2	0	0	0	2	100.0%

The two unsold units are elevator-served garden-style and are listed for \$199,900.

The following appliances are included in the surveyed active property units:

- Range
- Refrigerator
- Dishwasher
- Disposal
- Air conditioning
- Washer/dryer hook-ups

The following amenities are included in the surveyed active property units:

- Window treatments (100.0%)

The following common amenities are included in the surveyed active property for use by residents:

- Elevator

The following information relates to association fees in the active property:

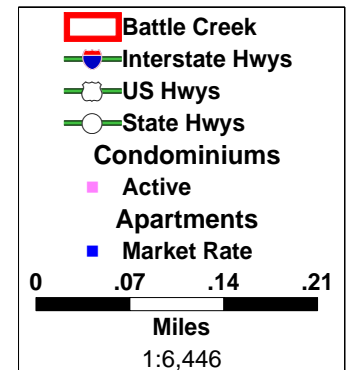
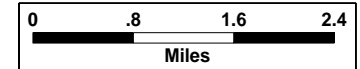
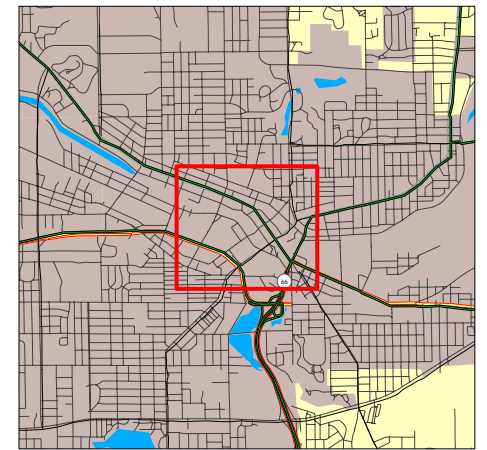
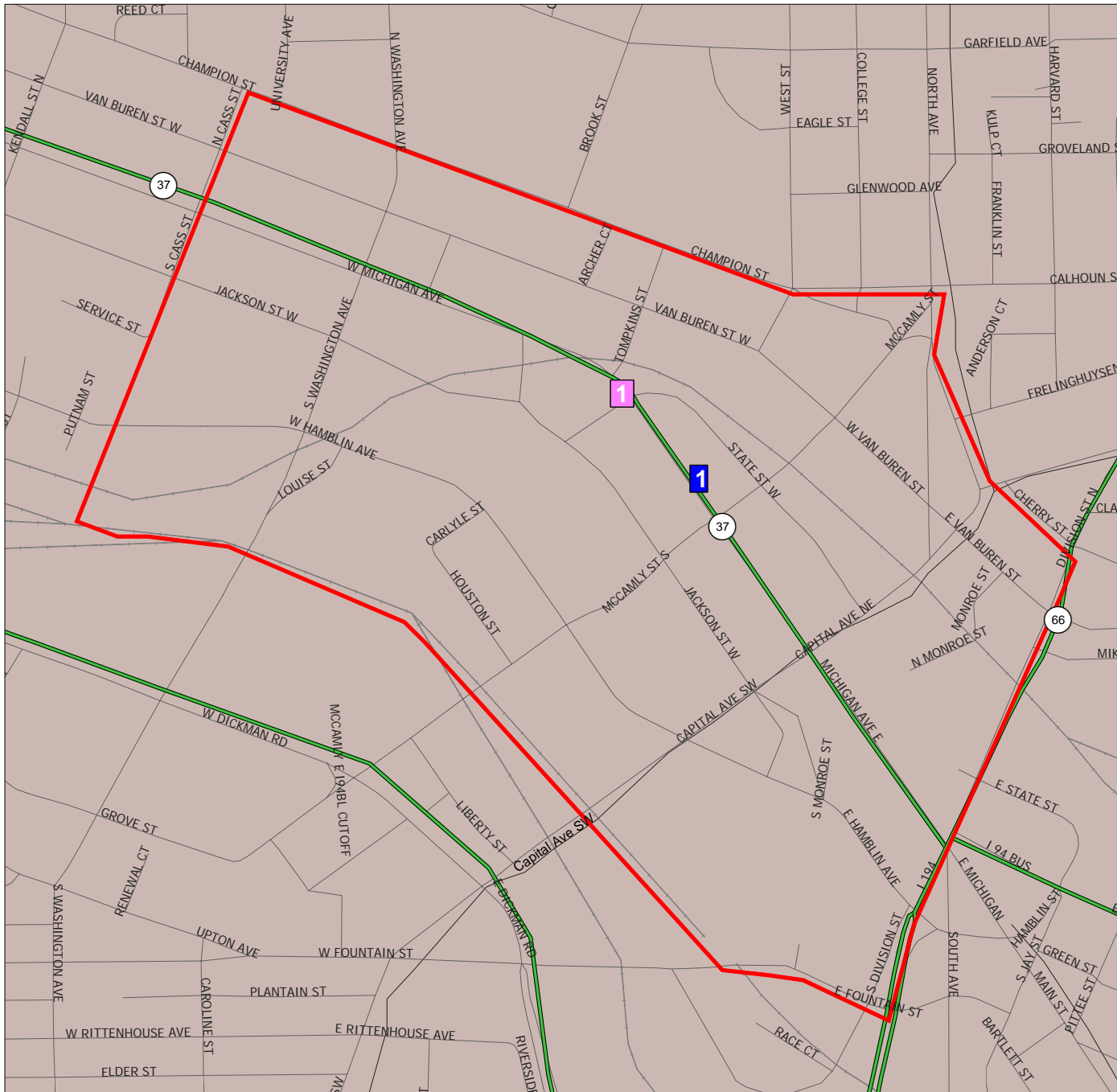
- Property is under renovation and preparing for first sale; association fees have not yet been set, however, the intent is to cover the following items: landscaping, trash removal, snow removal, paved area maintenance, and water and sewer.

Parking is distributed as follows: each unit in Riverfront Condominiums receives one space in an uncovered surface lot.


An abbreviated field survey of all multi-unit condominium properties in the Battle Creek DSA is provided in the following pages. Properties have been color-coded to reflect type. The field survey is comprised of the following major elements:

- A colored-coded map indicating the location of each property surveyed.
- A list of properties surveyed with name, address, telephone number, contact person, photograph, property type (active or established), date of first and last sale, number of floors, total units, sales rate, units sold and unsold, and presence of an elevator.
- A summary of the number of properties surveyed, the aggregate number of units sold, and aggregate sales by year.
- A summary of active properties including unit descriptions, unit sizes, parking arrangements, price, and price per square foot.

Battle Creek, MI: DSA Boundary with Surveyed Properties



SURVEY OF CONDOMINIUM PROPERTIES - BATTLE CREEK, MI

1 Riverfront Condominiums					
	Location	115-125 W. Michigan Ave./15 Carl Battle Creek, MI 49017	First Sale:	N.A.	
			Last Sale:		
	Developer	Battle Creek Unlimited		Total Homes	2
	Phone	(269) 968-6101		Homes Sold	0
	Comments	Under construction; Two near completion; Six commercial spaces; Elevator		Available Homes	2
				Planned Homes	22
				Floors	2, 3

* Calculated based on active sales period. For active projects, active sales period extends to current month

Active

Established

Surveyed - July 2007

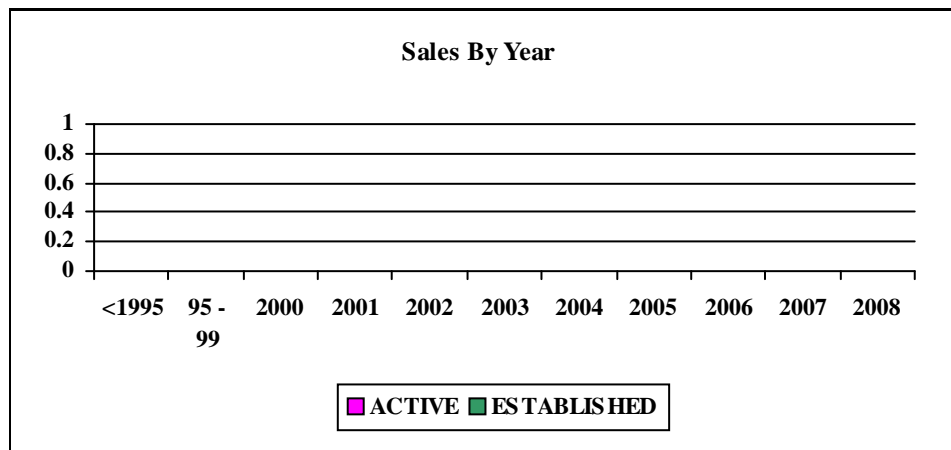
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RESEARCH

STATUS OF PROJECTS SURVEYED - BATTLE CREEK, MI

PROJECT STATUS	NUMBER OF PROJECTS	UNITS			
		TOTAL	SOLD	AVAILABLE	PLANNED
ACTIVE	1	2	0	2	22
TOTAL	1	2	0	2	22
* Active totals include both sold-out and active phases. Established totals reflect projects that have sold out units in all phases.					

UNIT SALES BY YEAR - BATTLE CREEK, MI

YEAR	UNITS SOLD		TOTAL SALES	AVERAGE MONTHLY SALES
	ESTABLISHED PHASES	ACTIVE PHASES		
< 1995	0	0	0	
1995 - 1999	0	0	0	0.0
2000	0	0	0	0.0
2001	0	0	0	0.0
2002	0	0	0	0.0
2003	0	0	0	0.0
2004	0	0	0	0.0
2005	0	0	0	0.0
2006	0	0	0	0.0
2007	0	0	0	0.0
TOTAL	0	0	0	0.0 *
* - AVERAGE MONTHLY SALES FROM 2000 TO 2006				



Surveyed - July 2007

PRICE ANALYSIS - BATTLE CREEK, MI

MAP ID	PROJECT NAME	UNIT DESCRIPTION				SQUARE FEET	PRICE	PRICE PER SQUARE FOOT
		BR	BATHS	STYLE	PARKING			
1	Riverfront Condominiums	1	1	GARDEN ELEVATOR	L / 1	1401	\$199,900	\$142.68
		2	1	GARDEN ELEVATOR	L / 1	1455	\$199,900	\$137.39
		2	1.5	GARDEN ELEVATOR	L / 1	1401	\$199,900	\$142.68
		2	2	GARDEN ELEVATOR	L / 1	1455	\$199,900	\$137.39
		2	2	2-STORY TOWNHOUSE	L / 1	1455	\$199,900	\$137.39

 Active
 Established

PARKING
 A - Attached C - Carport
 D - Detached L - Lot/Surface
 G - Parking Garage

Surveyed - July 2007



UNIT ANALYSIS - BATTLE CREEK, MI

MAP ID	PROJECT NAME	UNIT DESCRIPTION			SALES INFORMATION			PERCENT SOLD	
		BEDROOMS	BATHS	STYLE	TOTAL AVAILABLE	PLANNED			
1	Riverfront Condominiums	1	1	GARDEN ELEVATOR	0	0	16	100.0%	
		2	1	GARDEN ELEVATOR	1	1	3	0.0%	
		2	1.5	GARDEN ELEVATOR	1	1	0	0.0%	
		2	2	GARDEN ELEVATOR	0	0	2	100.0%	
		2	2	2-STORY TOWNHOUSE	0	0	1	100.0%	
					2	2	22	0.0%	*
* - AMONG UNITS AVAILABLE OR UNDER CONSTRUCTION									

 Active
 Established

Surveyed - July 2007


v o g t w i l l i a m s b o w e n
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Planned Multi-Unit Developments

According to city building and planning officials, there was one multi-unit housing property with a phase of units pending city approval that had not started construction by July 2007 (study cut-off date) within the Battle Creek DSA. The following table provides summary information on these planned units:

PROPERTY NAME & LOCATION	DEVELOPER	PROPERTY TYPE	TOTAL UNITS	PROPERTY DETAILS	PROJECTED OPENING
RIVERFRONT CONDOMINIUMS W. MICHIGAN & CARLYLE	BATTLE CREEK UNLIMITED	CONDO/ MIXED USE	22	TWO OLD BLDGS. BEING RENOVATED 16-1BR'S & 6-2BR'S	FALL 2008
TOTAL		1	22		

There are no new multi-unit rental properties planned for the DSA. There is a 22-unit Phase II planned for Riverside Condominiums, the only existing active condominium property within the Battle Creek DSA.

Summary

From our research and field survey, the following table summarizes the multi-unit housing supply within the Battle Creek DSA that met the study's selection criteria:

PROPERTY TYPE	PROPERTIES				UNITS			
	PLANNED	BEING BUILT	BUILT	TOTAL	PLANNED	BEING BUILT	BUILT	TOTAL
RENTAL	0	0	1	1	0	0	13	13
CONDOMINIUM	0	1	0	1	22	2	0	24
TOTAL	0	1	1	2	22	2	13	37

Combined, there are a total of two multi-unit housing properties planned, being built, or built in the Battle Creek DSA representing 37 total units. Of these 37 units, 22 (59.5%) are planned, two (5.4%) are being built, and 13 (35.1%) are built.